

Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 OPIC-12 COME-00 AID-20 RSC-01

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ARA/CEN:JSULLIVAN (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: OPIC INSURANCE OF LANDHOLDINGS IN COSTA RICA

REF: (A) SAN JOSE 305

(B) SAN JOSE 940

PASS TO MARSHALL MAYS

1. DEPARTMENT AND OPIC HAVE CAREFULLY CONSIDERED CONCERN
EXPRESSED BY EMBASSY IN REFS A AND B, AND HAVE DISCUSSED
MEANS TO ASSURE THAT FUTURE OPIC PROJECTS INVOLVING

INVESTMENT IN LAND BETTER COMPORT WITH EMBASSY'S VIEW
OF EVOLVING GOCR POLICY.

2. DEPARTMENT AND OPIC WOULD LIKE TO TAKE ADVANTAGE OF
FORTHCOMING VISIT OF OPIC PRESIDENT MARSHALL MAYS TO

CLARIFY ATTITUDE OF ODUBERT ADMINISTRATION WITH RESPECT
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TO FOREIGN INVESTMENT GENERALLY, AND LAND INVESTMENT IN

PARTICULAR, AND ALSO, IF DEEMED PRUDENT, TO DISCUSS
POSSIBLE DEVELOPMENT OF STANDARDS FOR EVALUATION OF
PROSPECTIVE INVESTMENTS INVOLVING LARGE LANDHOLDINGS.
IF SUBJECT OF CAY RICA ARISES, IT MIGHT BE POINTED OUT
THAT OPIC DESIRES TO PROCEED BECAUSE OF INVESTOR RELIANCE

UPON PROSPECTIVE ISSUANCE OF INSURANCE REINFORCED BY FGA
ISSUED NOVEMBER 27, 1973. PRESENT TALKS ARE MERELY
INTENDED TO ILLUMINATE THE KINDS OF FUTURE PROJECTS WHICH
OUGHT TO BE ENCOURAGED.

3. IN ELICITING VIEWS OF GOCR OFFICIALS REGARDING THE
NATURE OF DESIRED FOREIGN INVESTMENT, IT MAY BE USEFUL
TO RAISE WITH THEM PROVISIONAL CRITERIA DEVELOPED BY OPIC
FOR PROJECTS INVOLVING LARGE AMOUNTS OF LAND WHICH PROVIDE
THAT INSURANCE WILL BE OFFERED ONLY IF THE CONTEMPLATED
INVESTMENT HAS AT LEAST A 3:1 RATIO OF TOTAL INVESTMENT
TO LAND COSTS; CONTRIBUTES SIGNIFICANTLY TO COSTA RICAN
ECONOMIC DEVELOPMENT, EITHER IN ABSOLUTE TERMS, OR,
FOR SMALLINVESTMENTS, IN PROPORTION TO THE AMOUNT OF THE
INVESTMENT; IS NOT PRIMARILY FOR RANCHING, AGRICULTURAL
OR LAND-DEVELOPMENT PURPOSES; AND CONFORMS TO CERTAIN
ADDITIONAL REQUIREMENTS, PARTICULARLY THE PROHIBITION
AGAINST SUPPORT OF LAND SPECULATION. PROJECTS WHICH FAIL
TO MEET THE FIRST THREE CRITERIA GENERALLY WILL BE
INSURED IF THEY HAVE AT LEAST 50 PERCENT COSTA RICAN
EQUITY PARTICIPATION. OTHERS MAY BE APPROVED IF THEY
ARE MANAGED BY COSTA RICANS, POSSESS 25 PERCENT COSTA
RICAN EQUITY, AND IN OPIC'S JUDGMENT, ENCOURAGE DEVELOP-
MENT WHILE NOT BEING POLITICALLY SENSITIVE. IF CONSIDERED
INADVISABLE TO DISCUSS THESE CRITERIA AT THIS TIME,
EMBASSY'S VIEWS WOULD BE APPRECIATED. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, LAND, PRESIDENT, INVESTMENT GUARANTEES, CONTRACTS, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE109233
Document Source: CORE
Document Unique ID: 00
Drafter: TRBRODERICK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740131-0187
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740519/aaaaaqjf.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) SAN JOSE 305
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2002 by martinml>; APPROVED <04 MAR 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC INSURANCE OF LANDHOLDINGS IN COSTA RICA
TAGS: EFIN, OTRA, CS, OPIC, (MAYS, MARSHALL)
To: SAN JOSE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005